

LATIN AMERICAN REPORT

VOL. IV

No. 6

REPORT ON NICARAGUA:

THE ECONOMY Agriculture supplemented by processing industries form the country's mainstay.

THE NICAGUENSE Lighthearted, volatile, friendly—a product of his country's rich heritage.

THE PAST Unmarred old colonial cities watched over by volcanoes.

REPORT ON NICARAGUA



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TO OUR FRIENDS: A WORD OF WARNING ABOUT AID

ON the pages of this book we have consistently plugged for greater aid to the Latin American republics—aid from all sources and on all fronts. We believe that we have seen, especially in the past year, a general shift to our point of view, a spreading realization of the fact that aid must be forthcoming in greater quantities and perhaps of an entirely different nature than was deemed necessary before. We hope and expect that the new Administration in Washington will take far-reaching steps toward a continuing and adequate solution to the problems of Latin America.

Permit us now to voice a blunt warning to the Latin American countries, who know us as their friend, and to the governing classes of these nations in particular. If these countries expect the United States and, it is hoped, the other prospering industrial nations of the Western World, to go all out in a development aid program, then the recipient nations are going to have to put their respective houses in order. North Americans are becoming increasingly irate at having to shell out for aid that winds up further enriching an already wealthy few while the overall standard of living continues to stagnate. There has been a steady decline since 1955 in per capita economic growth in Latin America to a miniscule 0.3 per cent in 1959, and 1960 shows no signs of having reversed the trend.

Basic structural defects must be remedied in these fiscal and institutional systems before any amount of aid can achieve maximum development progress. Steps must be taken for greater distribution of income, for a broader base of land tenure, and for expanded educational opportunities. Tax systems have to be revised so that the wealthy classes bear a greater proportion of the burden for internal development. This will mean increased income and property taxes in most instances. Direct public investment may then be expanded from within, to help cope with social needs. In connection with this, education must receive first priority. Steps will have to be taken to make it unprofitable for internal wealth to lie idle when the need is for expansion, development and circulation. Along these lines, land reform must be pushed with greater diligence to correct long existing inequities in agricultural property ownership.

These are not proposals that will meet with favor among the vested interests. But these interests must realize that now is the decisive moment in Latin America, in which they must face up to realities. Aid, in whatever form, is not Heaven-sent. If it comes, it represents personal sacrifice voluntarily made by other peoples. Sacrifice from without demands sacrifice within. And if such sacrifice is unselfishly made by both sides and for the common good we can in mutual partnership accomplish great things. But there is not the means in this country, nor is there the will, to pump investment aid down a one-way pipeline to a dead end.

William G. Gaudet
PUBLISHER

CHANGE OF ADDRESS: Send old address, exactly as it appears on your magazine, along with new address, including zone number. Allow at least four weeks to effect change.

THIS MONTH'S COVER: Statue of Ruben Dario in the Parque Central on lakefront in Managua. Ruben Dario was Nicaragua's famed poet of the Nineteenth Century. (Color photo by William G. Gaudet.)



LATIN AMERICAN REPORT

*Published monthly to record and
interpret the changing history
of our hemisphere.*

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...new schools are sprouting everywhere, in the cities and the countryside. Throughout Latin America there is a growing hunger for learning and a realization that only education can free the people from the tyranny of the past; only education can light the way to a better life. Today, the shining new school bell is a symbol of the growth, the progress and the future of the South American continent.

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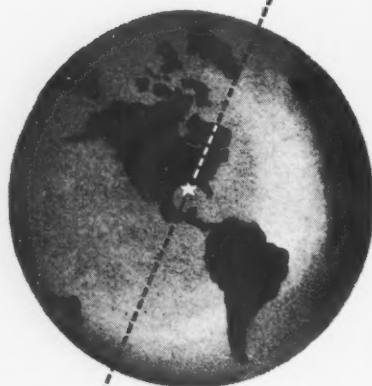
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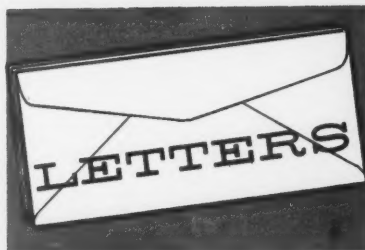
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Need for Understanding

Dear Sir:

We sincerely believe that this magazine has a definite value in helping to bring about a greater understanding within the Americas at a time when this is of the utmost importance.

We wish you every success.

Peter H. Coleman
Chamber of Commerce
San Antonio, Texas

Informative

Dear Sir:

... I wish to say that I have found *Latin American Report* to be a well-written and highly informative magazine. It has done much to stimulate my interest in every one of the countries of Latin America.

Kathryn Swank
Crawfordsville, Indiana

Surprised

Dear Sir:

While browsing through a magazine rack in a small, news store in Mexico City recently I ran into a copy of *Latin American Report*, read it, and was amazed. As a Spanish teacher, I believed that I was acquainted with all magazines pertinent to my trade (until I encountered yours, of course). Since I feel that this magazine is so topical, I would like you to send me some information about LAR's subscription representative's plan.

Charles Schlereth
Batesville, Ohio

Need Closer Ties

Dear Sir:

I have read your magazine with great interest for a number of years. We need more publications of this type. Certainly the developments of the past few years plus the need for closer ties between Latin America and the U.S. point to a need for *Latin American Report*.

Your articles as well as the advertisements are always of interest.

G. J. Dietz, Director
American Farm Bureau Federation
Washington, D. C.

agriculture

industry

travel

social progress

the land

and the people

R
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R
T



Gathered inside this church facing the lakefront at Granada, Nicaraguans fought off the invading mercenaries of William Walker. Victorious in the end, Walker put torch to the city in an act of vengeance.

on **Nicaragua**



PRESIDENCIA DE LA REPUBLICA
MANAGUA, NICARAGUA. C. A.

A LOS HABITANTES DEL CONTINENTE AMERICANO
To The People of the American Continent

Aprovecho la oportunidad que me ofrece el Latin American Report para enviar
I am taking advantage of the opportunity that Latin American Report offers me
un saludo a mis hermanos del Continente Americano formulando sinceros votos por su
to salute my brothers of the American Continent by wording sincere wishes for their
constante dicha y prosperidad.
constant happiness and prosperity.

Asimismo quiero extenderles a través de tan interesante tribuna del pensamiento
Therefore, I wish to extend to them, by way of so interesting a journal of Western
occidental, fraterna y cordial invitación para que visiten nuestra Patria y puedan disfrutar
thought, a fraternal and cordial invitation to visit our country so they may enjoy the wonders
de nuestras maravillas y de la tradicional hospitalidad de los nicaraguenses.
of traditional Nicaraguan hospitality.

Para el hombre de negocios, para el industrial, para el turista, para el ciudadano
For the business man, the industrialist, the tourist, the private citizen—Nicaragua offers
privado—Nicaragua ofrece toda una gama de atracciones. El hombre de negocios puede
all of them a wide display of attractions. The business man may find markets, the
encontrar mercados, el industrial oportunidad para inversiones, el turista comodidad y
industrialist opportunity for investment, the tourist convenience and very interesting aspects of
muy interesantes aspectos de nuestra vida y costumbres, y el hombre retirado un
our life and customs, and the retiree an abundance of peace and tranquility in which to enjoy
remanso de paz y tranquilidad donde disfrutar todas las emociones de la existencia.
the pleasures of living.

Quienes nos visiten tendrán satisfacción y nos prestarán su concurso en todas
Whosoever visits us will find satisfaction, and it is hoped they will give us their
aquellas materias que sean necesarias a nuestro desarrollo progresivo, cooperando con
assistance in any way that may be necessary to our progressive development, cooperating with us
nosotros en el ideal común de ver a América siempre a la vanguardia de la Civilización.
in the common ideal looking to an America always in the vanguard of civilization.

Mis compatriotas y yo queremos que se nos conozca. Dar y recibir en esta era de la
My fellow citizens and I want people to know us—give and take in this era of
interdependencia, tan feliz y vigorosamente impulsada por los Estados Unidos de América.
interdependence, so fortunately and vigorously impelled by the United States.

Salud, Hermanos del Continente.
Greetings, brothers of the Americas.

LUIS A. SOMOZA D.
Presidente de la Republica de Nicaragua
President of the Republic of Nicaragua

Nicaragua and the Nicaraguan

OUTWARDLY the Nicaraguan of the twentieth century is vastly changed from his immediate ancestors, at least to the extent that the slide rule is replacing the gun, and the balance sheet, the glories of conquest. But that is only outwardly. The great zest for life and pure living, the love of adventure, controversy, and friendship, remain as much a part of the Nicaraguan character today as they did more than 100 years ago.

The true nature of the Nicaraguan shows itself almost at the moment one arrives at the airport in Managua, capital of the republic. Customs and immigration clearance is swift and orderly; but as soon as the newcomer steps into the lobby, the fireworks begin. One taxi driver offers one fare for the ride into Managua; a second offers the ride for a lower price. So the second driver is chosen.

While the visitor stands quietly by, the two drivers have at it in fiery words which may reach such a pitch of violence that physical combat seems inevitable. But in most cases the driver who has been given the nod takes the new arrival's luggage to his car, hurling more invectives all the while, then, quietly and politely opens the car door, asks, "Where to?" and sets off for town.

Actually this intense trading of words and invectives is more horseplay than for real. It is genuine to the extent that the loser really wanted the fare for the *cordobas* involved, but if some Nicaraguans had their choice between a good argument and money, they would take the argument.

In a way, the present day Nicaraguan is a product of the history of his country. For some 25 years after Nicaragua broke from Spanish rule in 1821 the country was torn by almost constant revolution. It was a caldron aboil from one conspiracy after another. One of them involved 19th century adventurer William Walker, a granite-faced gringo megalomaniac with a passion for power.

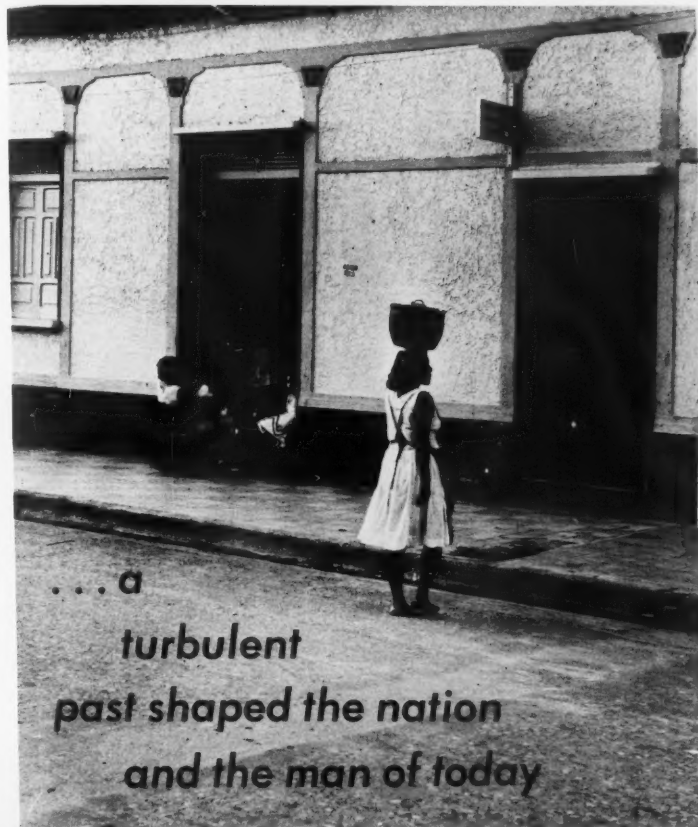
Walker was a military tactician of epic proportions, but he also had a singular genius for antagonizing those who could have been his friends and allies. Yet despite these failings Walker, who for a time actually became President of Nicaragua, quite conceivably could have realized his dream of creating an empire of Central America.

Nowhere in his would-be empire should Walker have been more hated



President of the Republic of Nicaragua, Luis Somoza.

Among the common people of Nicaragua . . . a proud Indian heritage.



*. . . a
turbulent
past shaped the nation
and the man of today*



Facing central square in Managua . . . the Capitol building. Crowning heights of Tiscapa . . . the Presidential Palace.



Opposite Parque Central . . . Managua City Hall. Under portrait of "Tacho" . . . a Presidential press conference.



than in Nicaragua. In an act of senseless vandalism he burned the city of Granada. He turned on many Nicaraguans who had befriended him and who, had Walker not been so politically inept, could have assisted him in realizing his dream of power. Yet today in Nicaragua the exploits of Walker, of his battles against the Hondurans and the Costa Ricans, of his seizure of Commodore Cornelius Vanderbilt's Accessory Transit Company, find many an eager listener. No one is sorry that Walker's scheme failed and that ultimately he was killed, but there is a certain aura of romance and adventure about him that greatly appeals to the Nicaraguan spirit.

Actually more is known of Walker's exploits than about the so-called "golden age" of Nicaragua which began after his execution in 1860. The Conservatives came into power and ruled with comparative tranquility until 1893. Attempts were made to remove them from power, but none succeeded until 1893 when a young liberal from Managua, Jose' Santos Zelaya by name, successfully eliminated Conservative leader Dr. Roberto Sacasa.

Zelaya's rule was firm, and in the early years, beneficial to Nicaragua, but with each new challenge to his authority he became more and more the dictator. Smarter in at least one respect than William Walker, he played one enemy against another, permitted friends to enrich themselves from the public treasury and embroiled Nicaragua in many disputes with other Central American countries, particularly Guatemala.

So violent did relations among the Central American Republics become,

chiefly due to Zelaya's connivance, that Presidents Theodore Roosevelt of the United States and Porfirio Diaz of Mexico invited the five republics to a peace conference in Washington in 1907. Out of this came a treaty and establishment of a Central American Court of Justice.

But neither treaties nor justice could stop the intrigues of President Zelaya. Inevitably, revolution swept Nicaragua. Abetted by the United States Navy, the revolt succeeded. In 1909 Zelaya fled to Mexico. The Conservative revolutionaries, led by Generals Emiliano Chamorro, Luis Mena, Juan J. Estrada and Adolfo Diaz, morally supported by the United States, consolidated control over Nicaragua. But then many rivalries developed within the Conservative ranks, and eventually led to a "palace revolt" by Gen. Mena in 1912. The liberals threw in with Mena, but then U. S. Marines landed to support the government, and the upshot was that the Chamorros, Estrada Diaz and Mencia managed to remain in control until 1928, with U. S. Marines at their side.

The Liberals had become increasingly active. By 1928 they had one of the first anti-American revolutionary heroes in Latin America, Cesar Augusto Sandino, who took to the hills and vowed never to leave Nicaragua alive as long as one Yankee soldier remained. That year a Liberal was elected to the Presidency. In 1932 a second followed.

U. S. military personnel were withdrawn from Nicaragua in 1934, whereupon Cesar Sandino emerged from the hills to take over, claiming a great victory over the Americans and pro-Yankee elements. Young Anastasio

Somoza, head of the United States-trained Nicaraguan National Guard, captured and executed the rebel leader, and, in 1936, became President of Nicaragua in an unopposed election.

In one way or another "Tacho", as President Somoza was called, ruled benevolently over Nicaragua from his inauguration in January 1937 until an assassin's bullet killed him in 1956. His eldest son, Luis Somoza Debayle, more inclined toward farming than politics, was at the time head of the Nicaraguan Congress. He thus became interim president, and, in elections which followed, was elected President of the Republic. Today, Luis Somoza heads a strong, though greatly liberalized, Central Government. Brother, Anastasio, Jr., heads the Armed forces. Both men were educated in the United States.

In the light of this long history of internal turmoil and outright interference by North Americans at both the private and the official level, it would seem only natural that the Nicaraguan of today should seek tranquility, that he would bear a countenance of great sadness and harbor a deep anti-gringo sentiment. Yet not one of these traits is part of the Nicaraguan character.

Nicaraguans remain an unhurried, light-hearted people who have little of sadness about them, even in moments of tragedy, and have learned how to get tremendous enjoyment out of simple living. And despite the fact that foreigners have played such prominent roles in the tumultuous history of the country, Nicaraguans are a friendly people. Almost at once they take strangers into their fold and make them feel at home.

One of the truly great national assets

of Nicaragua has been its ability to combat great odds and come out of the fray smiling. No other nation in Central America ever faced the tremendous financial problems that for years confronted Nicaragua. Much of the difficulty stemmed from the confusion of internal turmoil, but a good deal of it also came from harsh terms enforced upon various Nicaraguan governments by foreign banking combines . . . including United States, British, Dutch and French interests.

At one time things got so bad that European banks threatened to blockade Nicaraguan ports until their loans were repaid. This brought the United States into the picture as mediator. After many discussions in New York, Washington and London a series of bankers' contracts were signed in 1909.

One of the key clauses of the agreements was that a North American who was acceptable to the U.S. State Department should be placed in complete control of Nicaraguan customs collections, until then mainly a source of income for the nation's rulers, and not the national treasury. Henceforth, the customs collections would be used to pay the nation's foreign debts.

Under this agreement Colonel Clifford D. Hamm, who had been a collector of customs at Manila, was named the first Collector of Customs for Nicaragua in 1911. He was followed by Colonel Irving Lindberg, member of a firm of accountants from Iowa; upon Lindberg's retirement Colonel Thomas Downing, the present incumbent, a native of Pennsylvania, also an accountant, took over.

In 1953 the government of General Somoza paid off the last of the foreign

obligations named in the bankers' contracts of 1909. So it seems likely that Colonel Downing will be the last foreigner to be in charge of Nicaragua's customs. However, until he does retire there is no indication that he will be relieved of his duties, despite the fact that the Nicaraguan Government now has the authority to make the change. It is generally realized by Nicaraguans that the accounting system instituted by the North Americans, patterned after the U.S. Government methods, has produced one of the most efficient and bribe-free customs services in all of the Americas.

There is still another picture of Nicaragua's ability to confront great obstacles with an even greater determination to win over them. On October 19, 1960, great black clouds began to roll in on the country from the northwest. The next day it began to rain in ever increasing intensity. At one time, a total of 20 inches of rain fell in ten hours. For eight days and nights the rains melded into great floods, sweeping away the Pacific railroad from Managua to Corinto, and the cotton fields of Chinandega. Whole villages, and the city of Leon, were isolated by the fury of the waters. And in the face of the rains there was little that could be done by humans.

On October 29th a U.S. Army helicopter crew made the first flight into the flood stricken territory. President Luis Somoza, himself went along on the flight to see at first hand what had happened to his people. After a first exploratory trip the helicopter brought in supplies of food, clothing and medicine.

In an hour-long report to the nation, the President summed up the

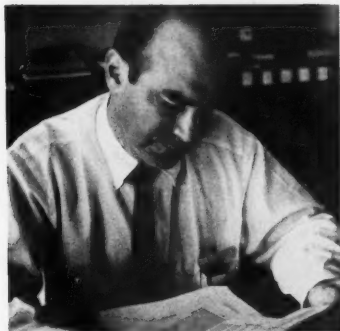
national emergency and actions taken to cope with the immediate problems of relief and the longer-range problems of rebuilding. Hollow-eyed from lack of sleep, the President's concern for his people was apparent.

The Nicaraguans sought relatively little outside aid, preferring first to try to take care of their own. Radio appeals went out to the people, and at an aid center set up at the edge of Parque Central, contributions poured in—money, clothing, food, live chickens and pigs—and daily Jeep caravans of these supplies rolled out over the rain-gutted roads penetrating as far as they could go into the devastated hinterland.

Estimates of damage to homes and crops, the railroad and Pacific highway range upward of \$3 million. But as soon as the rains had ceased and the floodwaters receded the Nicaraguans made their way back to their homes and their farms. Instead of dwelling over the tragedy they are talking of a bigger and better cotton crop in 1961.

North American businessmen have come down to Nicaragua in full awareness of this republic's tumultuous political, economic and financial past. Such a history might have tended to make them gunshy; but this has not been the case. No sooner had World War II ended than businessmen flocked to Nicaragua to talk and plan with Nicaraguan entrepreneurs far-reaching projects for tomorrow. Many such deals under discussion were so fantastic that one hotel manager was inspired to post the following sign in his lobby:

"No deal involving less than \$1 million may be discussed on these premises." ●



Alfredo Sacasa, head of the Institute of National Development, presides over building of Nicaragua's future.



October floods cripple transport, damage cotton, leave thousands homeless. Managuans respond to appeals for aid from flood-stricken Leon.

Busy market place in Managua.



BANCO NACIONAL

BANCO NACIONAL DE NICARAGUA, INC.:

As a result of financial agreements that the Republic of Nicaragua subscribed to on September 1, 1911, with the North American bankers, Brown Brothers & Company and J. & W. Seligman & Company, of New York, the BANCO NACIONAL DE NICARAGUA, INC. was organized in the year 1912, in conformity with the laws of the state of Connecticut, United States of North America.

In the year 1924 the Government of the Republic acquired in its entirety the stocks that composed the corporate capital of said organization. Notwithstanding, its activities continued subject to the laws of its incorporation, with a Board of Directors located in New York City.

TRANSFORMATION:

By judicial decree of October 26, 1940, the BANCO NACIONAL DE NICARAGUA, INC. remained established as an autonomous entity of the commercial authority of the Republic, governed by the laws of the country, thus converting itself into a state institution under the firm name of BANCO NACIONAL DE NICARAGUA, with an unlimited period of duration. It is domiciled in Managua, capital of the Republic.

ACTIVITIES:

Among the principal activities developed by the Bank, special reference is merited by the large scale financial help given the nation's agriculture, with particular attention to the sectors of coffee and cotton, which are the main sources of export production. This is not to overlook the many other varied activities of national production which always count to a decided extent on the help of the most solid financial institution in the country.

The figures, which speak for themselves, show that the number of *manzanos* of land readied for the agricultural season of 1960-61 was 95,210, for a financing of C\$65,542,662.96 (*cordobas*), to which must be added the amount of C\$12,000,000.00 destined for the harvesting of cotton, and C\$15,200,033.25 granted for the preparation of coffee lands — amounts that together represent about 75 per cent of the cost of national agricultural production.

On the other hand, let us point out the vigorous boost given the Nicaraguan cattle industry during 1960, in part from resources originating from the \$8,000,000 loan that the Government of the Republic arranged with the Export-Import Bank in Washington. As a result of this, we have medium-term loans totaling C\$15,143,990.45. This is in addition to that which was slated for the purchase of steers for fattening, in the amount of C\$7,435,720.00. This shows decided activity toward the development and improvement of cattle production in the nation, an industry now showing signs of becoming a new export producer of considerable importance to the national economy, should it realize the potential wealth that Nicaragua counts on for this industry.

With the object of directly protecting the small farmer, providing for him all kinds of facilities that he did not have before, special attention has been given the nation's rural credit, so that in fact there are found in operation in different parts of the Republic, 14 Offices of Rural Credit.

The Institution includes a Foreign Section that attends promptly and with particular care to the handling of collections, letters of credit, transfer of accounts, and similar operations involved in foreign banking, or among the different regions of the country. For these services, the bank has an extensive and well established network of representatives abroad and all its Branches and Agencies in the principal cities of the Republic.

DE NICARAGUA



ORGANIZATION:

The BANCO NACIONAL DE NICARAGUA is administered by a Board of Directors composed of seven proprietary members and four substitutes appointed by the Executive Power in the Council of Ministers. On this Board are representatives of commerce and industry, of the coffee corporations, the cattle interests, and of other interests and professions in the country.

The Executive Personnel is composed of the General Manager—who has the legal representation of the Bank within his executive functions—the Manager of the Banking Department, and the Manager of the Department of Issue.

BRANCHES AND AGENCIES:

Besides the Main Office in Managua, the Bank has Branches in the cities of: Chinandega, Leon, Masaya, Granada, Jinotepe, Matagalpa, Bluefields, Jinotega, Rivas, Ocotal, Esteli and Boaco; and Agencies in: Corinto, Somoto, Somotillo, Juigalpa, Puerto Cabezas and San Carlos.

CAPITAL AND RESERVES:

As of June 30, 1960, capital and reserves of the BANCO NACIONAL DE NICARAGUA stood at C\$52,876,332.16 in *cordobas*.

BANCO NACIONAL DE NICARAGUA
Managua, Nicaragua

The "Breadbasket" of Central

nicaragua pegs

her economy on

agriculture and

related processing

industries

... looks forward to feeding the integrated market

Vast cotton fields of Chinandega area provide the new look to Nicaraguan agriculture.



Mixed Brahman-native cattle are prodded down chute to slaughter at Nicaragua's modern meat packing plant. Meat is cut, graded, boned and frozen for rapid shipment to the States.



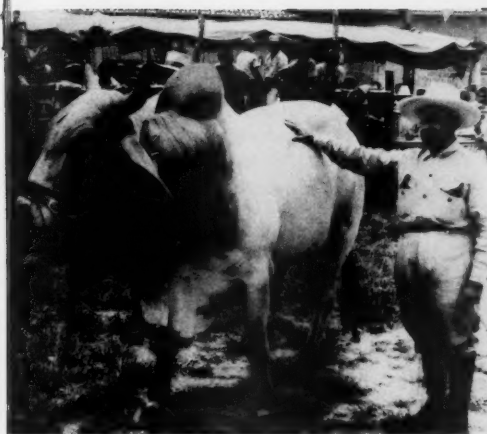
NICARAGUA, like her neighbors on the Central American Isthmus, is primarily an agricultural country. Unlike some of her neighbors, Nicaragua is planning her future almost entirely around an agricultural base. The nation welcomes manufacturing industries that will produce household goods to relieve the import situation, and she welcomes industries designed to turn the nation's raw materials into finished and semi-finished products for local consumption and for export. She welcomes such industry, and has created an atmosphere to encourage investment and development in these fields. But frankly, and realistically, the nation looks on itself as the "breadbasket" of Central America. And industries that Nicaragua most hopes to attract are those connected with the processing of agricultural commodities and other natural resources.

In line with this train of thought, it has been in the field of agriculture that Nicaragua has devoted her greatest efforts toward expansion and development in recent years. There are few large extraneous industries being developed in Nicaragua, such as the SALA factory in Costa Rica or the big refineries and fertilizer plants planned for El Salvador. But there is the beginning of industrial growth based on the processing of agricultural commodities.

In agriculture, itself, important strides have been made toward the cultivation of new lands and new crops and in technological improvements. The nation's biggest cash crops are coffee and cotton. Exports for the first eight months of 1960 included: coffee, \$16.5 million (one third of all exports in value); cotton, \$13.8 million; (the third largest export item, though not an agricultural commodity, was gold, \$4.5 million). Other export crops in the first eight months of 1960 included: lumber, \$2.2 million; cottonseed, \$2.2 million; frozen beef, \$2 million; sesame, \$1.8 million; live cattle, \$1.1 million; and sugar, \$1 million.

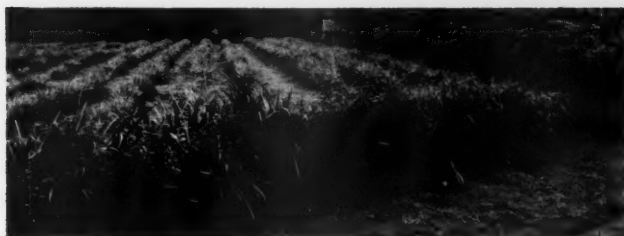
The significance of agricultural trends is seen in a comparison of production over a period of years. A big push has been made in cotton during the decade of the 1950's, increasing production of Nicaragua's excellent long-staple cotton from a mere 14.8 million pounds in 1950, to a whopping 106 million pounds in 1959. (The cotton crop was down considerably in both 1958 and 1959 because of crop situations, and an im-

Central America



Prize-winning Brahman bull shown by proud owner at county fair in Matagalpa . . . part of program to upgrade Nicaragua's cattle herds.

Pineapple field beside banana grove . . . sample of crop diversification with emphasis on fruits and vegetables.



Rice is harvested and threshed by hand from rich paddies across from Santiago Volcano.



portant part of the cotton crop has been destroyed in 1960 by floods.) Coffee, still running slightly ahead of cotton in value as an export crop, increased in amount only slightly in the decade, from 41.2 million pounds in 1952, to 48 million pounds in 1959. Sugar showed important gains in the decade, from a mere 46.3 million pounds in 1950, to 133 million pounds in 1959.

The 1960-61 coffee crop should hit 600,000 quintals (compared to 498,000 last season). The new soluble coffee plant going into production soon will eventually use 120,000 quintals, and should soluble coffee remain outside the quota assigned Nicaragua under the International Coffee Agreement, it will constitute a good market for the country's overquota production.

Cattle production increased noticeably both in quantity and quality during the 1950's, and the exportation of pro-

cessed frozen beef in large quantities was made possible for the first time. Production of beans and corn declined somewhat but remain important crops for local consumption, and some corn is exported to neighboring Central American countries. Rice has held more or less steady during recent years. Diversification of agriculture to include fruits and vegetables is only now beginning to pay off. Agriculture and livestock as a whole, in 1959, accounted for 32 per cent of the total gross national product of the nation.

President Luis Somoza, himself an agricultural engineer and large-scale farmer, told this reporter during a recent interview: "Cotton and coffee will no longer produce on the world market the dollars Nicaragua needs. Our hope is in the diversification of agriculture to include tropical fruits, sesame and the increased production of beef cattle, to take up the slack.

"We have strong faith also in the integrated Central American market. Nicaragua's principal field is agriculture; and Central America now imports about \$6 million in foodstuffs. We can supply many of these things to Central America in an integrated market."

Nicaragua is well adapted to the role she has chosen to play in the new Central American common market. Largest in land area of the Central American republics (about the size of the state of Michigan), and less mountainous than her neighbors, Nicaragua's vast farmlands are more suitable to large farms and to mechanized agriculture. A variety of food crops grow luxuriantly in the warm, moist climate and fertile soils. Many crops produce two harvests in a year. Tobacco grows in about three months. Nicaragua still is a nation of small farmers (about 85 per cent), most of whom rent the land they work, and many of whom use

ancient methods of farming. But all this is changing rapidly today. There are also many large farms and new lands are being developed on a scale suitable to mechanization. Large-scale irrigation projects are under construction. Farmers, large and small alike, are being taught modern agricultural techniques; they are learning the use of fertilizers, productive methods of cultivation and harvesting. The Government is helping to improve livestock herds and breeding methods, and taking steps to make credit available for mechanization. The National Bank is responsible for farm credit, and many small farmers rely heavily on such credit.

Nicaragua can grow and supply to the common market corn and beans, the basic food crops of Central America, at much lower cost than can mountainous El Salvador and Guatemala. The nation is moving rapidly into the field of fruits and vegetables, which are sorely lacking from the diets of many Central Americans. Nicaragua's rangelands provide ample pasture for growing beef and dairy herds, to supply the products of these herds to pastureless El Salvador and Guatemala. With these advantages in mind, Nicaragua is calmly preparing herself for the role of feeding the common market area. It is upon this role that the republic is basing its participation in the organization. Such other industry as the country is able to attract will come as a welcome addition to a sound agricultural economy.

How is Nicaragua going about fitting herself as a first-class agricultural nation?

The autonomous government agency charged primarily with the development and growth of industry and agriculture in Nicaragua is five-year-old *Instituto de Fomento Nacional*, commonly called INFONAC. It operates under the direction of Alfredo Sacasa. INFONAC is capitalized at about \$7.1 million, is authorized to negotiate loans from private sources and may go to the Central Bank for additional loan capital. In turn, INFONAC is authorized to make investments in and loans to new industries or projects, based on the merits of the industry and its importance in the scheme of national development. In this manner, INFONAC has an interest in many important developments within the nation. In addition, INFONAC administers the national grain storage program and finances this through the Central Bank; and it is charged with a price support program for items of public necessity, such as corn. The agency attempts to maintain prices at levels fair both to grower and consumer. The broad, overall purpose of INFONAC is to augment

the industrialization of the nation and to diversify and expand the agricultural economy.

Among the projects sponsored by INFONAC is a modern slaughterhouse and meat packing plant located on the lakeshore at the edge of Managua. The plant handles 200 head of cattle a day and exports much of the frozen, boneless meat to the United States by air and ship. The packing plant was started by INFONAC and later turned into a partnership with the Municipal Government of Managua and the Cattlemen's Association. It is one of Nicaragua's major industries and an excellent example of the adaptation of modern industrial techniques to the agricultural economy of the nation. Operating in this manner, INFONAC serves as a sort of catalyst for industrialization. A second undertaking of INFONAC is the establishment in the rich pine lands in the vicinity of the Rio Coco of a pulp mill. At Casa Cruz, the agency has encouraged a French firm to develop a major shrimping operation.

Directly in the field of agriculture, INFONAC is taking steps to develop Nicaragua's potentially rich eastern side. In cooperation with some North Americans, the Blue brothers, INFONAC has helped launch a large-scale plantation project on old banana lands near Bluefields. Here, they have developed one of the world's largest hybrid cocoa plantations and they are experimenting with the sigatoka-resistant Cavendish bananas.

Of major importance to Nicaragua's economic future is the cattle industry. INFONAC has launched a project that it calls the "Repopulation of the Cattle Industry." Under this program, each cattle grower may apply for 30 head of halfbred cows and one purebred bull. Breeds used are mostly Brahman, also Gurnsey and Brown Swiss. INFONAC then shares the resultant calf crop with the rancher on a 50-50 basis. INFONAC's half of the calf crop then goes to another rancher on the same terms. Ranchers receiving benefits of the program are selected on a basis of experience and interest, the adequacy and accessibility of their rangeland, and the availability of transport. Efforts are made to spread these improved herds over as wide an area as possible. The project has been operating nearly three years now, and to date there are some 3,000 head of up-graded cattle out under the program.

Nicaragua's principal cattle ranges lie north and east of Managua, along the eastern edge of Lake Nicaragua and in Zelaya Province. The same area supports a large dairy industry. The

Nicaraguan slaughterhouse pays about 18 cents a kilogram for beef cattle, which at slaughter time weigh about 400 kilos a head.

INFONAC is currently developing two major irrigation projects. One of these is a shallow-well project near Granada. Wells being drilled in this area produce 1,000 gallons per minute at the 180-foot depth. The second project is located near Rivas where land is being irrigated by canals from Lake Nicaragua. Yet another INFONAC project is the development of bananas in the Chinandega area where 2,000 Gros Michel plantings are being made during 1960. The agency also is engaged in a study of crop diversification to include tomatoes, okra, water-mellons and other vegetables to be grown on a large scale.

Helping INFONAC with technical information, is an active U.S. mission called Centro de Cooperacion Tecnica Industrial (CCTI) started up last July. The Center works with industry at the management level. During 1960, the Center sponsored, along with the National Association of Industries and the Department of Commerce and Industries, a seminar of management and administration in which 104 Nicaraguan business executives took part. Other U.S. advisors and technicians were brought in to advise in specific fields. Dr. Richard L. Kozelka, dean of the school of Business at the University of Minnesota, has been in Nicaragua under auspices of the Center for several weeks to set up a school of business in the National University.

Early in 1961, a Stanford University research team will come to Nicaragua to prepare feasibility reports on some 20 selected industries, and to study and recommend a five-year economic program for the development of livestock, agriculture and industry in Nicaragua. As a follow-up to the Stanford study, a three-month Investment Incentive study will be made early next year by a Klein-Saks investment team in co-operation with the U.S. Point Four Program in Nicaragua. The study will seek ways and means to attract investment capital to Nicaragua and to encourage active participation of local capital.

Setting up a base for industrial development, in 1958 Nicaragua passed two laws designed to protect both the state and the investor. The first of these two laws is called the General Law over Exploitation of Natural Resources. This legislation establishes the terms under which concessions may be let for the exploration and exploitation of both renewable and non-renewable resources, such as timber, minerals and oil. The law defines the rights and

obligations of concessionaires and is in effect a conservation law.

The second of these important 1958 laws, is the Law for the Protection and Stimulation of Industrial Development. This law classifies industries as basic, necessary or convenient, based on the importance of the industry to the economy of the country, and prescribes inducements for capital investment in industry accordingly. The law follows pretty much the same pattern of other industrial encouragement legislation in Central America, and provides customs exemptions and reductions for the import of machinery, construction materials and raw materials for the manufacture of products for local consumption or export. Certain tax exemptions and reductions are allowed new industry for a specified period.

Both laws fall under the administration of the Ministry of Economy. To administer the natural resources law, there is appointed under the Minister of Economy a Director of Natural Resources. For the purpose of recommending action under the industrial encouragement law, there is established within the Ministry a Consultive Commission on Industrial Development.

The protection and benefits of this legislation, together with the abundant natural resources of Nicaragua, the country's position in the Central

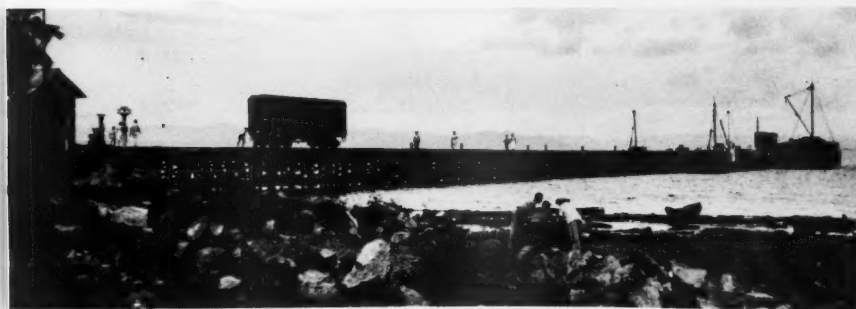


Modern new warehouses are constructed on docks at Port of Corinto.

The deep-water port of Corinto . . . one of the finest on Pacific coast of Central America.



Dr. Chamorro, Agriculture Minister



Longshoremen push rail car onto docks at Granada . . . an important lake port.

Watched over by colonial fortress, a farmer cultivates tobacco near Masaya.



American common market, and the reassuring effects of a strong central government, have been factors stimulating foreign investment in the nation. Much interest has been evidenced in investment opportunities in Nicaragua, and there has been considerable action. A new soluble coffee plant is soon to begin production in Managua for export to San Francisco, a fact that will figure important in Nicaragua's exchange position. Yet there has been relatively little increase in direct investment in Nicaragua in recent years. President Somoza blames the slowness of capital influx on the scare that Cuba's Castro has thrown into the capital market. The President is discouraged at the prospects of large-scale investment. Said he: "The big investor demands so much of us that the net gain to the country is greatly reduced." But he points out that there are abundant opportunities for the small investor.

"Our main objective," said President Somoza, "is to create a large Central American market to attract investors." Nicaragua is all in favor of the integrated market and officials are now negotiating the lists of commodities and products for quota reductions under integration agreements. President Somoza looks on the new Central American Development Bank as a big help to the area in facing problems

bound to arise from integration—problems of transportation and temporary unemployment during the transition period. Said the President: "Integration will bring prosperity to the country during the next ten years."

Total private capital investment in Nicaragua during the last few years has been as follows: 1958, \$2.8 million; 1960, \$2 million; 1961 (projected), \$2.3 million. Loans presently under favorable consideration at the government level are: \$18 million for 850 kilometers of penetration roads (Development Loan Fund); \$2 million for irrigation at Rivas and for agricultural diversification (International Bank); \$1.5 million for airport expansion to handle jets (Development Loan Fund); and \$2.5 million to INFONAC for industrial development (Inter-American Development Bank).

President Somoza describes the Nicaraguan economy as being in a normal state. "It's no bonanza—but normal," the President said. "There are not enough dollars for imports. We are now in a cycle of expansion. With the help of the World Monetary Fund and the Export Import Bank we have been able to hold reserves at a good level. By next year production should level off such adverse situations as now exist."

The export-import balance over recent years has been as follows: exports in 1958, \$63.2 million; imports, \$65.4 million; unfavorable balance of trade, \$2.2 million. Exports in 1959, \$67.6 million; imports, \$52.7 million; favorable balance, \$14.9 million. Exports for 1960, \$55.2 million; imports, \$53 million; favorable balance, \$2.2 million. Predicted for 1961: a \$7.9 million favorable balance.

Nicaragua, like its neighbors, has a high and increasing rate of population growth (3.6 per cent per year). But Nicaragua, unlike some of its neighbors, has ample land and undeveloped resources to absorb the population explosion. Estimated population at the beginning of 1960, was, 1,475,000. Gross National Product in 1958, was \$301 million; 1959 \$300 million; 1960, \$275 million; 1961 (estimated), \$300 million. Per capita product, like GNP, declined the last three years: 1958, \$218; 1959, \$211; 1960, \$186. Increased per capita product is estimated for 1961-62. The 1959 GNP breaks down as follows: agriculture and livestock, 32 per cent; manufacturing, 16.5 per cent; construction, 6.3 per cent; trade, 12.9 per cent; services, 21.7; transport 3.7; power, 3.6; and mining, 3.3 per cent. The 1959 budget was only moderately unbalanced: government revenues, \$40 million; expenditures, \$43.6 million.

Power output in 1959 was 170 million kwh., compared to 95 million kwh. in 1953. Kilowatt-hour consumption was 105 per capita. The republic could boast 51 miles of road per 100 square miles of territory. There were 5,118 kilometers of road in 1959, compared to 1,880 in 1950. Moving over this road system in 1959 were 8,455 motor vehicles, as against only 1,482 in 1950. The nation has 403 kilometers of railroad trackage—26 locomotives, 57 passenger cars, and 232 tank cars.

Located on a sandy hook of land down on the Pacific from the city of Chinandega, in the heart of Nicaragua's richest agricultural zone, is the newly developed port of Corinto. The seaport is connected with Chinandega, Leon, the second city of the nation, and Managua itself, both by rail and highway. Two at a time, large, ocean-going ships tie-up at the docks of Corinto to unload consumer and capital goods from the industrial nations of the world, and to take on cargoes of coffee, cotton, and other export products. A large and expanding warehouse area is in the process of development, to make of Corinto one of the major seaports of the Pacific in Central America.

Summing up, it is noted that agriculture is, and will continue to be, the power behind the throne of the Nicaraguan economy. There is ample room for outside investment and technical know-how to play an important and profitable role in the future development of agriculture. Now is the optimum time to enter the picture in this field, in view of efforts under way to diversify crops and to bring new lands into production. The great, undeveloped interior and eastern seaboard lend themselves to operations like the Blue brothers' near Bluefields. INFONAC officials, with their fingertips on the areas of development, believe that potentially the richest zone of the country is the interior along the continental backbone. Three-quarters of the nation is forested, and forests include more than 100 varieties of trees, ranging from the pine forests of the north to the hardwoods of the east. The 168-mile Rama Road has been pushed across the cordillera and through the tropical forests of the Atlantic side to Muelle de los Bueyeras. But the last leg of this road, to the river port of Rama on the Escondido River, presents formidable terrain problems. Nevertheless, the road will soon provide for Nicaragua its first transcontinental land route and help to open up the interior and the lands of the eastern seaboard.

The fine, mild Nicaraguan coffees grow in the uplands, 1,500 to 3,000 feet, of the provinces of Managua, Matagalpa, Carazo, Jinotega and

Chinandega. Most of the crop is mild Arabian coffee known on the market as *Jinotegas* or *Matagalpas*, depending on the area where grown. The cattle industry spreads out to the north and east of the lakes. A good industry for development in Nicaragua would be cheese making. Though milk is plentiful, good cheese is scarce and costly. The advent of cotton as a major crop during the decade of the 50's brought to Nicaragua a textile industry; but there remains much room for expansion in this field. The excellent, long-staple cotton is grown in large part around Chinandega on the northern Pacific coast. Sugar processing and milling, centered also in Chinandega, is an important industry based on sugar cane crops, which have been somewhat curtailed by the need for supplemental irrigation. By-products of the sugar industry are rum and the alcoholic beverage, *aguardiente*. Distilleries are government-owned.

Other manufacturing industries include a cement plant and rayon weaving mill. There are extensive tanning industries and leather craft shops. By and large, most industry in Nicaragua is small and relatively simple and most of it is based on agriculture or the nation's other raw commodities. There is much lucrative opportunity for small investors in consumer goods manufacturing and raw materials processing. Nicaragua ranks next to Honduras in mineral wealth in Central America, but only gold has enjoyed large-scale open-pit production, and mining of this mineral has been on the decline in recent years.

The year 1961 will see a flurry of new industrial activity in Nicaragua. Esso plans a new petroleum refinery, and the San Antonio sugar mill is putting in a new sugar refinery. Also proposed for 1961: a fruit and vegetable canning plant and a small food processing plant, paint, plastic and cosmetic factories and an asbestos cement pipe plant. A projected cold storage plant at Corinto would virtually eliminate the need for exportation of cattle on the hoof.

It is new ideas and modern techniques that are paying off in Nicaragua. It is the need for capital investment and know-how that is greatest. It is upon these that the future of the country hinges. The investor willing to take a fair profit but not out to exploit; the technician with know-how and a willingness to put to use and pass on modern methods; business and industrial management with fresh ideas for creating new production and expanding existing production—these men Nicaragua welcomes and offers, in turn, a profitable partnership in the development of the nation's resources.

WHEN it comes to tourism, Nicaragua is a country apart from her Central American neighbors. Like the other countries, Nicaragua offers the traveler a variety of natural beauty and places of interest—not so spectacular as some of the neighboring countries, perhaps, but exciting, nevertheless. Unlike her Central American neighbors Nicaragua is making no con-

The Old Colonial

certed effort to attract tourists or to develop a tourist industry at the present time. The reason for this is that in the opinion of government officials Nicaragua does not now have the facilities to accommodate in comfort any large influx of travelers.

Tourism is not discouraged, and those who come to Nicaragua of their own volition will find a warm welcome and first class facilities adequate for their comfort and convenience. It is merely that Nicaragua, with an eye cocked to a future tourist industry does not wish to attract swarms of tourists she cannot now provide with the best, and so possibly discourage travel at some future time. Meanwhile, President Luis Somoza has said, officials are negotiating with a prominent North American hotel man for the construction of a luxury hotel in Managua to provide a base for expansion of the tourist industry.

The most impressive single thing about Nicaragua in the eyes of a first-time tourist to the country is very likely to be the purity of the old colonial cities—cities such as Leon, Granada and Masaya. Oldest of these colonial cities is Granada founded by the Spaniards 436 years ago. Cradled in the lap of the towering volcano, Mom-bacho, Granada is built upon the shores of Lake Nicaragua. It is a sprawling city of low, colonial-type homes and impressive old public buildings. It presents to the viewer a facade of uncluttered simplicity, and there is about the city a lingering Old World atmosphere. The central Plaza de la Independencia is one of the most interesting and impressive squares in Central America. Horse-drawn surreys clip-clop along the broad streets that surround the park-like plaza, and a picturesque cathedral stands on the lake side of the square. The wide street that flanks the cathedral leads straight to the lake, some distance away, and beside this street near where the neat colonial buildings give way to the open

Nicaragua...

Cities and modern managua



*Opposite the Cathedral, the Plaza de Independencia in historic old city of Granada.
From the Palace, Roosevelt Monument and Avenue through Managua to lake.*



lake front, stands the church where Granada resisted the invasion of William Walker. Walker and his mercenaries in 1856 marched up this street from his beachhead on the lake and laid siege to the defenders of Granada, holed up in this church. After its fall, Walker put torch to much of the city and left behind the ironic sign: "Here was Granada." Fronting on the lake shore is the Central American College, a parochial boys school. An interesting feature of the school is a garden of stone monoliths of pre-Columbian statuary.

Granada is the center of a rich agricultural district where coffee, rice, cotton and other crops are grown, and also serves as the port and center of commerce for the numerous picturesque islets that dot Lake Nicaragua. The lake is the seventh largest inland body of water in the world and the only fresh water body known to harbor sharks. Some of the people make their livings catching and tanning shark skins. The people of the islets farm, fish and engage in varied and colorful hand crafts. Tours by motor launch of these charming islets may be arranged at Granada.

Granada is 72 kilometers down a good paved highway from Managua. And halfway between the two cities, on a bluff overlooking a deep-set lake, stands the ancient city of Masaya. Rising across the lake opposite the city is the volcano of Santiago, which last year erupted with extensive damage to coffee *fincas* on the other side of the cone. Masaya lies to the west of the main highway to Granada; and a block off the central plaza of the town is located the central market. This block-wide, grey stone building gives the weathered, ageless appearance of some ancient Moorish citadel. Dozens of the colorful old horse-drawn surreys line the streets, adding to the atmosphere of antiquity. In the side streets of the town, Indian craftsmen work at spinning a coarse yarn from native fibers, and others weave the yarn into colorful patterns on outdoor looms. A little way off the main highway and a few minutes drive from Masaya, is the Indian village of Nindiri where there is an Indian museum rich with artifacts from pre-Columbian times.

West of Lake Managua and 85 kilometers from the city, at the foot of Momotombo volcano, is the colonial city of Leon. Second city of the republic, Leon also boasts outstanding examples of colonial architecture adorning the tortuous, stone-paved streets. Most important is the Cathedral of Leon, a splendid example of colonial baroque and rococo design.



This ancient building houses public market in old colonial city of Masaya, south of Managua.



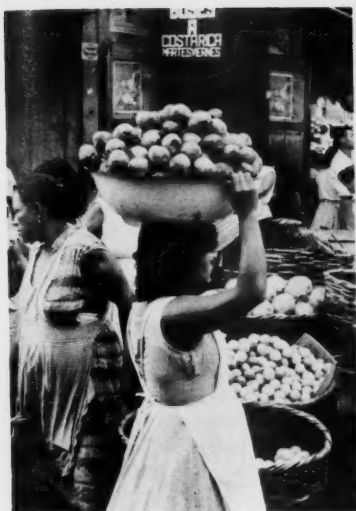
Park-like Independence Square in Granada.



Garden of Mayan gods at Central American College.

Between rows of colonial-type homes, an ox cart rolls through the streets of Granada.





TOP TO BOTTOM:

Left Row:

Vendors in the teeming street markets of Managua.
The National Cathedral across from the capitol.
Parque Central and Ruben Dario monument, Managua.
Simple architecture of an old church in Masaya.

Center Row:

American Embassy; Presidential Palace on hill.
Managua's National Stadium . . . baseball and soccer.
Avenida Roosevelt sweeps across town from capitol.
Indian craftsmen spin yarn along Masaya streets.

Right Row:

Terminal at La Mercedes Airport serving Managua.
Modern office buildings near lakeshore in Managua.
Children play in front of an archeological museum in an Indian village near Masaya.



The huge cathedral houses numerous religious treasures, and at the base of one of the statues of the Twelve Apostles is the tomb of Ruben Dario, Nicaragua's famous poet, guarded over by a marble lion. Subtiava Church in Leon is especially interesting for its fine colonial altar. Here, too, is the University of Leon, the National University of Nicaragua.

Leon is historically a center of liberal political thought in sharp rivalry with conservative Granada. As a result of this inter-city rivalry, the capital was moved in 1840 to Masaya, and later to Managua, a relatively latecomer among Nicaraguan metropolises, where it has remained ever since.

A popular beach resort area is Poneloya, on the Pacific only 12 miles from Leon. Leon is now connected both by rail and highway, running along the plain between the Pacific and a chain of volcanoes, with the rich agricultural center of Chinandega and the nearby seaport of Corinto.

The Pan American Highway runs south out of Managua toward Costa Rica, 147 kilometers distant, through the pleasantly cool little towns of Diriamba and Jinotepe in the coffee highlands. North of Managua, the Pan American Highway crosses between Lakes Managua and Nicaragua at the

old spa of Tipitapa and continues north through the hill country to the Salvadoran border, 236 kilometers away. Two interesting side trips branch off this section of the highway. One of these is the approach, through the cattle grazing and dairying lands, to the Rama Road. The Rama Road when it is completed will connect Managua and the populous western plains with the jungle-grown Mosquito Coast on the Caribbean at the river town of Rama on the Rio Escondido.

Some 89 kilometers from Managua, on the Pan American Highway to the north, a road branches off to the cities of Matagalpa and Jinotega, once again in the cool coffee-growing highlands. Near Matagalpa, third city of the republic, and surrounded by high mountains, is Santa Maria de Ostuma, where there is a mountain resort hotel. The Salazar Hotel on a farm between Matagalpa and Jinotega is a pleasant place from which to enjoy the Nicaraguan highlands. Hunting is excellent in many parts of northern and eastern Nicaragua and there is some very good fishing, both in inland lakes and streams and in the bordering seas. There are fishing camp facilities at the old fortress village of San Carlos at the lower end of Lake Nicaragua.

It is relatively easy to get around the

populous western part of Nicaragua; more difficult in the undeveloped north and east. More than 5,000 kilometers of roads, much of the system being paved and well maintained, make the western part of the country readily accessible. In addition, there are 403 kilometers of railroad. The inaccessible eastern seaboard and the interior are reached only by air, water, or perhaps by Jeep. Freighters carry passengers regularly from the West Coast of the United States to Nicaragua's Pacific port of Corinto. La Mercedes International Airport serves the city of Managua via a number of international routes, including Pan American World Airways, TACA International Airlines, and Nicaragua's own LANICA Airlines. LANICA not only flies to Miami, but connects Managua with the eastern ports of Bluefields and Puerto Cabezas and with the other key cities of the country. Small planes carry passengers to any part of the republic where there is a landing strip.

Managua, population 145,000, is the capital and the very hub of Nicaragua. It has the appearance of a relatively new and modern city. In the first place, it came into being as a city relatively late in the national life of the country. Its rise to prominence as a city began when it was designated the

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capital in 1852. Some 36 blocks in the downtown area were destroyed by earthquake and fire in 1931 and were rebuilt on more modern lines. It is not a city of dizzying heights but rather one of low, flat profile.

The city begins on the shores of Lake Managua and sweeps gently across the narrow plain and up the slopes of La Loma de Tiscapa, crowned by the stately Presidential Palace, and is now expanding into the high, cool hills beyond. Slicing through the city from the Lake to the base of La Loma de Tiscapa, where the twin spires of Roosevelt Monument stand, is the Avenida Roosevelt (F.D.R.). Managua's Parque Central is located along the lake-front where the Avenida Roosevelt begins. The dominant feature of the Parque Central is a statue of Nicaragua's illustrious national poet, Ruben Dario. Across from the park is the colonaded facade of the administration building for the National District. Diagonally opposite Parque Central, a vast open square is enclosed by the National Cathedral on the east and the austere capitol building on the south. Within a few blocks of the Parque Central are located handsome bank and office buildings, theaters and the leading hotels—the Gran Hotel and the Lido Palace. The Gran Hotel exudes a Latin atmosphere of tropical languor. The spacious lobby and lounge back up to a swimming pool in the patio and the dining room opens onto the patio from the other side of the pool.

It is a few minutes walk to the heart of Managua's shopping district where department stores are stocked with everything from refrigerators to French Peugeot automobiles. A block to the east of the Avenida Roosevelt is the teeming open-air market street. One of the busiest and most colorful markets in Central America flourishes in the humanity-packed streets of this area, and should be a must for the sightseer. In this market area, in shops around the hotels or at La Mercedes Airport terminal, a traveler is afforded the opportunity to buy at reasonable prices all kinds of alligator leather goods that boast workmanship of the finest order.

At the foot of La Loma de Tiscapa, Nicaragua's principal thoroughfare sweeps to the east around the hill, flanked on the one side by multi-story apartment buildings and on the other by the National Parade Grounds. Half-way around the Loma, the modern American Embassy overlooks the crater lake, Laguna de Tiscapa, with the Presidential Palace rising like a Medieval castle from the hill above.

A National Office of Urbanization, headed by Rolando Porras, is taking steps to bring to an end by means of intelligent urban planning the hap-

Your choice!

Managua Nicaragua...



IS A BEAUTIFUL TOWN, YOU BUY AN HACIENDA FOR A FEW PESOS DOWN

NICARAGUA, a land of lakes and volcanoes, with breathtaking views of its mountains and landscapes, is a wonderful place for vacationing.

Fishing in the Gran Lago de Nicaragua is full of excitement and it is an adventure in itself. This lake is unique in the world, as you will find in its drinkable waters all those animals that live in the ocean. Furthermore, the tourist will find hundreds of little islands that resemble small gems due to their luxuriant vegetation. Hospitality is a well known tradition in Nicaragua and friendliness toward North Americans give to the tourist the feeling of being at home.

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hazard urban development that has characterized Managua, as most other Central American cities. The first concrete step in this direction was the enforced modernization of a suburban development that had already been laid out and partly sold: The development, Colonia Bolonia, lying in the valley below the American Embassy, now

features curved streets, irregular lots and other aspects that will greatly add to the beauty and utility of suburban Managua in the future.

In the low hills that lie beyond the Loma de Tiscapa, where the climate is pleasantly cool, there is much development activity in the way of attractive and sometimes expensive new homes.

It is fashionable in Managua to live in what is called "The Kilometers" in this area, and one describes himself as living at "Kilometer so-and-so." But there are many lovely residential areas in Managua, both within the city proper and in the newly developing suburbs.

Managua is a gay city, not lacking in night life for those who seek it. However, most social activity revolves around the private clubs such as El Terraza and El Club Social de Managua in the downtown area, and the posh, modernistic Nejapa Country Club located adjacent to two small lakes in a suburban area of Managua. Yet social life in Managua is informal, friendly and gregarious, like the *Capitales* (Managuans), themselves.

Although there is no concerted effort at this time to attract visitors to Nicaragua, those who come this way will be warmly welcomed by a friendly people and their stay will be enjoyable. They will find English widely spoken, at least in the capital itself, and accommodations, if not luxurious, are at least comfortably adequate. The dry season lasts from December through April. Toward the end of the dry season temperatures rise to their most unpleasant heights, so it is in the earlier stages of this season that a visit to Nicaragua may be most enjoyable. ●

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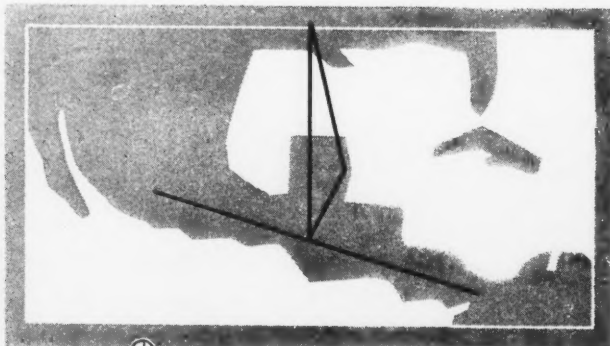
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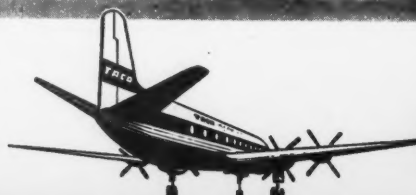


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social progress . . .

A Hard Road Upward

THE standard of living of Nicaraguans, as indicated by the per capita division of gross national product, has been slowly declining in recent years. This is a fact no less true throughout most of Latin America. Per capita product declined from \$218 in 1958 to \$186 in 1960; but a reversal of this trend is estimated for 1961 and 1962. "We are in a cycle of expansion," explained President Luis Somoza. "By next year, production should tend to level off the situation." There are also other causes for this dip in the standard of living. One of these is population growth, which in the same period has increased from 3.4 per cent to 3.6 per cent per year. At the same time, commodity prices on the world markets have declined. It is a hard fight in Nicaragua, as in many Latin American countries, just to hold the line, let alone

improve the level of living across the board, as Administration officials would like to do.

Fortunately, Nicaragua does not yet have a problem of overcrowding. Her vast undeveloped lands leave ample room for expansion and her untapped natural resources offer hope for the future. But to develop these resources Nicaragua has a crying need for capital and technical aid. She seeks private investment but she has little desire to see all of her industry under foreign ownership. She would like instead to attract more public investment that will stimulate and help Nicaraguans, themselves, to develop their own resources and lands to a greater extent. Nor does she wish to depend entirely on outside technical help. She would like to develop her own education system to a point where she could produce more of her own technicians and professional people.

Modern elementary school sandwiched between colonial homes on a street in Granada . . . a valliant effort to crack the education barrier.

Fronting on Lake Nicaragua at Granada, the Colegio Centro Americana, largest parochial school for boys in Central America.



Barefoot boy looks wistfully at toys in department store window . . . the rising expectations.

Modern shopping street in downtown Managua . . . a change takes place in buying habits.





Through INVI housing projects like this, Nicaragua struggles to house the needy. A long time in building, this huge public hospital in Managua nears completion.



Said President Somoza recently, in a moment of disillusion: "I feel we may never fill the need for teachers." In Nicaragua, 60 per cent of the population remains illiterate. By 1959 there were 2,188 schools compared to 1,420 in 1950. There were 160,022 children in school in 1959, compared to 104,568 in 1950. There were 5,933 teachers as against 3,615 at the beginning of the decade. In this same period, the population had increased from 1,076,000 to 1,450,000. The National University is providing advanced education for some 1,200 students. In addition, there are numerous parochial schools and vocational schools. But education remains one of the toughest bottlenecks in Nicaragua's fight for progress, and it is a

cause of major concern to the Somoza Administration.

Housing, too, comes in for its share of government attention. The Instituto Nacional de la Vivienda has launched an ambitious, but still woefully inadequate, program for the construction annually of hundreds of houses for workers and poorer classes. To meet the needs for housing, as well as education, it is hoped that funds will be forthcoming in the form of outside loans for social development. But President Somoza is as yet skeptical on this score. In regard to the Eisenhower proposal, the President ventured: "The problem has not yet been attacked as directly as it should be. We don't know yet if it will material-

ize. Until we see something definite, I would not venture an opinion as to the benefits of this proposal."

In terms of rural housing, the U. S. Technical Cooperation Mission to Nicaragua is lending a helping hand in the form of a self-aid housing program. Nicaragua matches the Mission's funds on a seven to five basis and the Mission furnishes the technical aid. With this help, the people get together and build their own homes. The project looks forward to the construction in this manner of some 500 homes over a three-year period. The overall cost of such a home runs to about \$2,000. This same U.S. Mission is engaged in health programs attacking malaria and potable water problems.

There are still 2,900 people for every doctor in Nicaragua. In Managua, the government is putting the finishing touches to a huge public hospital that will go far toward meeting the shortage of hospital bed space in this city. The Administration has put into effect a far-reaching Social Security program now beginning to yield results.

The worker in the fields in Nicaragua makes \$1.40 a day and during the busy harvest season he may double this amount. In addition to this, if he is a regular employee, the worker usually gets his quarters and meals furnished. In view of the large percentage of Nicaragua's labor force engaged in agricultural pursuits, this speaks better for the worker than some Central American countries—not as well as some others.

Nevertheless, there are factors pointing to the rise of a middle class in the cities. In Managua, many small food shops are going out of business because of the trend toward super market shopping. And the big, glittering department stores with their modern escalators and abundant stocks of goods from the industrial nations of the world, attest to the revolution in shopping habits in Managua. The initiation of credit installment buying is a factor in the shift from the street vendor and the small shop to the modern department store over many fields. And if there are still large groups outside the money economy of the nation, there are growing numbers entering the money economy.

The Somoza Administration has held a tight rein on Nicaragua's communists. The country, like most others, has its extremists who have succumbed to the lure of Fidelismo. But by and large, Nicaraguans, rich and poor alike, deplore Castro's methods in Cuba. Although there may be a good many who admire what Castro has done for the underdog, only an extremist minority would support his methods of doing it. ●

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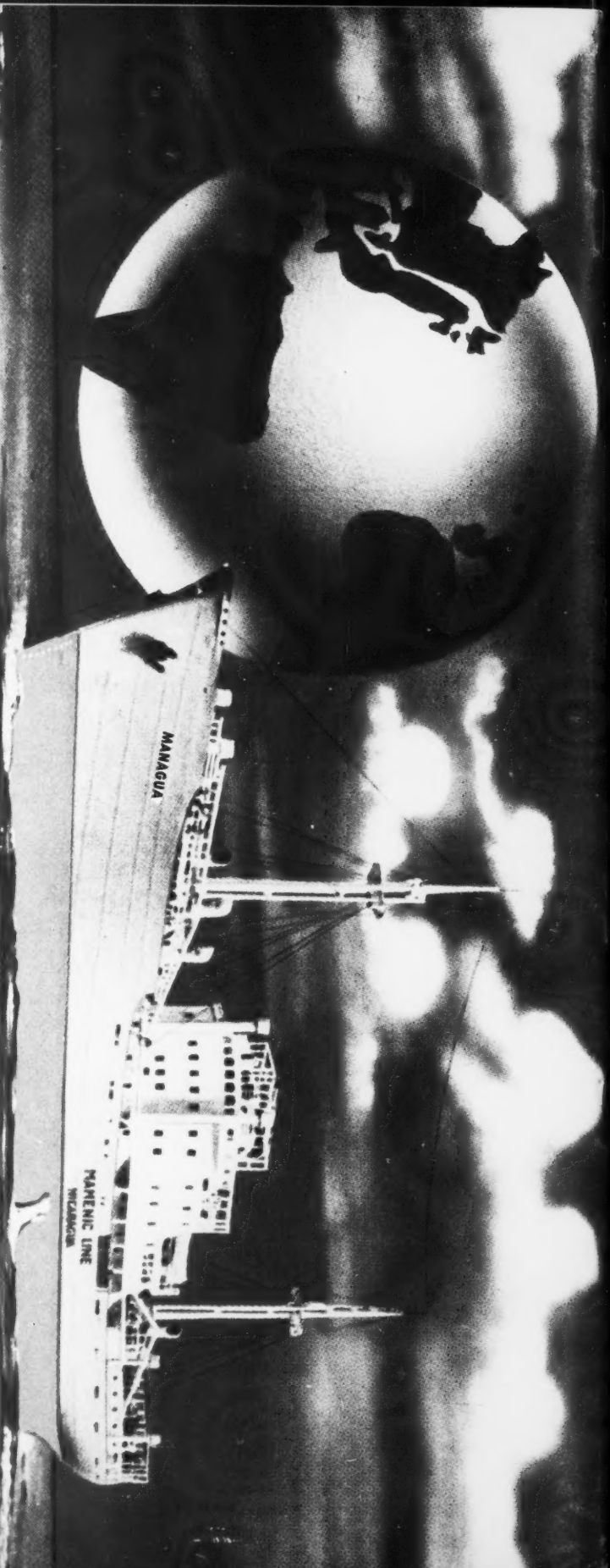
The Cathedral of Leon



The National Capitol in Managua

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